

Talent:

The Driver of Economic Development

MIKE DOWNING,
MO DEPT. OF ECONOMIC DEVELOPMENT

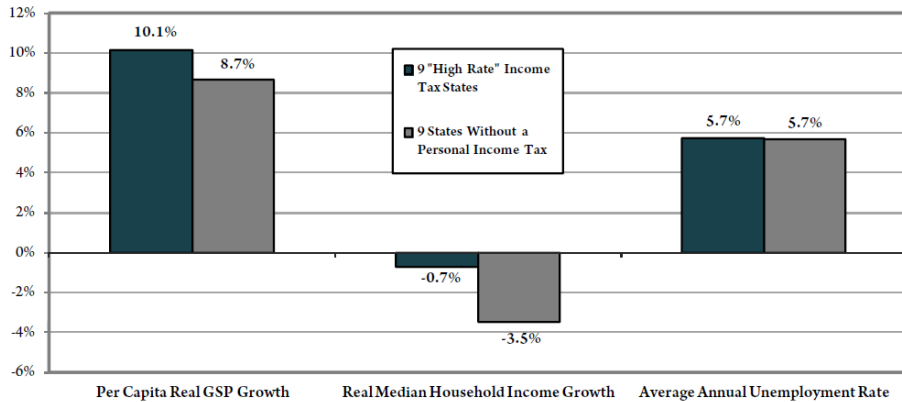


Keys to Economic Growth???

- Lower taxes?
- Less regulations?
- More incentives?
- Better roads?
- More marketing?
- Entrepreneurship/Small Business?
- Exporting?

Taxes and Economic Performance

Figure 1: Three Measures of Economic Performance, 2001-2010



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Definitions

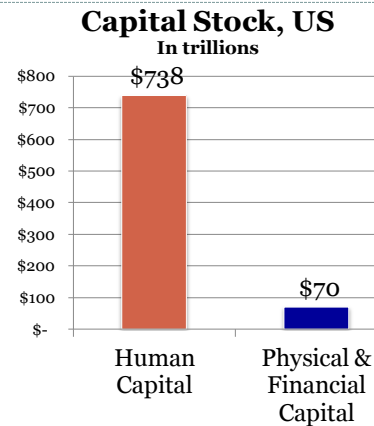


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Talent Attraction and Retention

Human Capital

Skills, talents, education, knowledge and experience that people use in their role as workers to produce goods and deliver services.



Source: "Knowledge in Cities" by Todd Gabe, Jaison R. Abel, Adrienne Ross, and Kevin Stolarick, *Federal Reserve Bank of New York Staff Reports*, no. 470, 2010

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"Talent"

- Skilled individuals who:
 - Possess technical, managerial and innovative capabilities and knowledge.
 - Have attained higher levels of education.
- Key variable in attracting high technology industries and generating higher regional incomes.

Source: Richard Florida, *The Economic Geography of Talent*, 2002)

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Talent Attraction and Retention

Attributes of Talented People

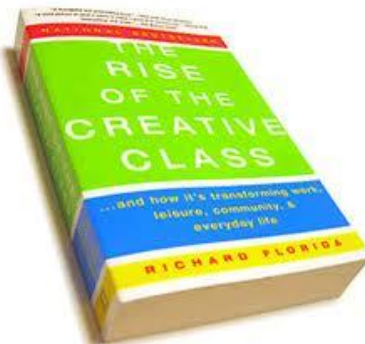
St. Louis RCGA, 2011

- Post-secondary credentials, especially two- and four-year degrees.
- Applied skills:
 - Apply knowledge in a dynamic business setting, critical / analytical thinking, problem-solving, prioritization / focus, process improvement, decision-making.
- People skills.
- A record of continuous learning.
- An entrepreneurial attitude.

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“Creative Class”

- Occupations in which individuals engage in complex problem solving that:
 - Involves a great deal of independent judgment and
 - Requires high levels of education or human capital.



Source: Richard Florida, “Rise of the Creative Class”, 2004

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Creative Class – “Super-Creative Core”

- Computer and math occupations;
- Architecture and engineering;
- Life, physical, and social science;
- Education, training, and library positions;
- Arts and design work;
- Entertainment, sports, and media occupations;
- Management occupations, business and financial operations, legal positions, healthcare practitioners, technical occupations, and high-end sales and sales management.

Source: Richard Florida, “Rise of the Creative Class”, 2004

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Economic Base Theory

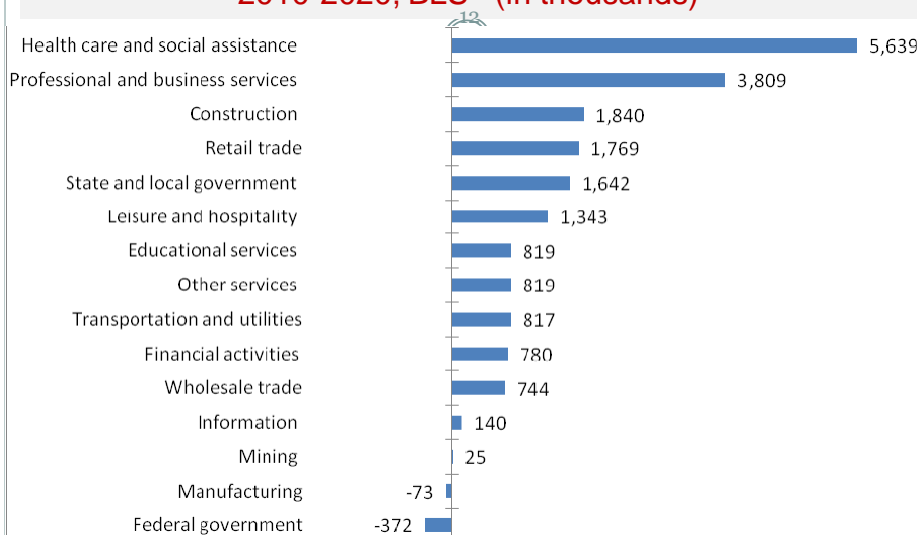
- Primary Businesses:
 - Mostly competes/sells outside the local market)
 - Also known as “Base” or “Traded” Companies.
 - May include certain institutions (education, government, non-profit, military)
 - Foundation of a local/regional economy.
 - Brings new money in the community.

Which types of businesses and occupations are growing the most?



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Projected Change in Employment, 2010-2020, BLS (in thousands)



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Talent Attraction and Retention

Missouri Top Industry Postings

INDUSTRIES WITH TOP POSTINGS	NUMBER OF JOB ADS
Hospitals	5,843
Banks	1,656
Health Practitioner Offices	1,389
Insurance Companies	1,295
Colleges / Universities	1,237
Hotels & Other Accommodation	1,103
Scientific Research & Dev. Services	871
Computer Systems Design	845
Security	801
Employment Services	744

Source: MERIC – “Real Time Labor Market Summary”

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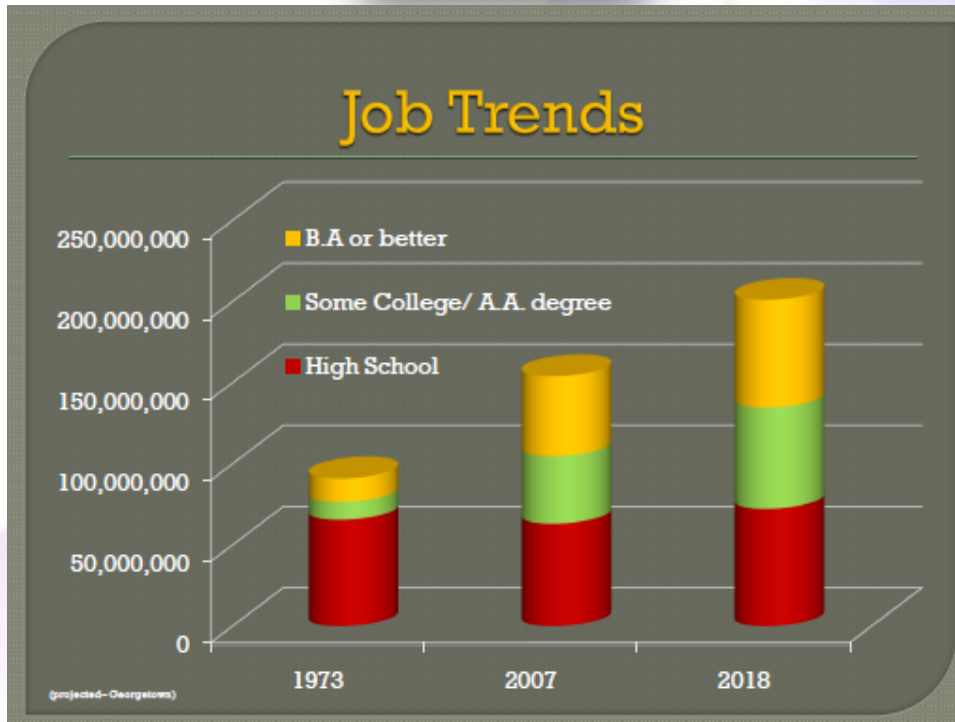
Higher Skill Jobs = Faster Growing

TABLE 7: MISSOURI EMPLOYMENT OPENINGS BY EDUCATIONAL LEVEL

SKILL AND EDUCATION LEVEL	EMPLOYMENT			OPENINGS	
	2010	2012	PERCENT CHANGE	TOTAL	GROWTH
Low Skill Jobs	1,040,520	1,062,970	2.1%	333,595	47,502
Short-Term On-the-Job Training	1,040,520	1,062,970	2.1%	333,595	47,502
Middle Skill Jobs	1,251,460	1,279,990	2.3%	320,732	65,752
Moderate-Term On-the-Job Training	522,930	524,090	0.8%	131,472	24,853
Long-Term On-the-Job Training	205,050	207,030	0.9%	51,888	8,149
Work Experience in a Related Field	226,330	227,940	0.7%	51,445	4,966
Postsecondary Vocational Award	171,920	180,470	5.0%	46,273	12,351
Associates Degree	125,230	140,460	12.2%	39,654	15,433
High-Skill Jobs	569,280	611,550	7.4%	175,313	49,358
Bachelor's Degree	355,370	384,950	8.5%	110,559	33,033
Bachelor's Degree Plus Work Experience	102,470	103,080	0.8%	30,046	3,982
Masters Degree	42,550	47,810	12.6%	14,344	5,362
Doctoral Degree	33,520	37,600	12.3%	10,512	4,129
First Professional Degree	35,370	38,110	7.7%	9,852	2,852
Total Jobs	2,861,260	2,954,510	3.3%	829,640	162,612

Source: MERIC, 2010-2012 Missouri Long-term Occupational Projections

Talent Attraction and Retention



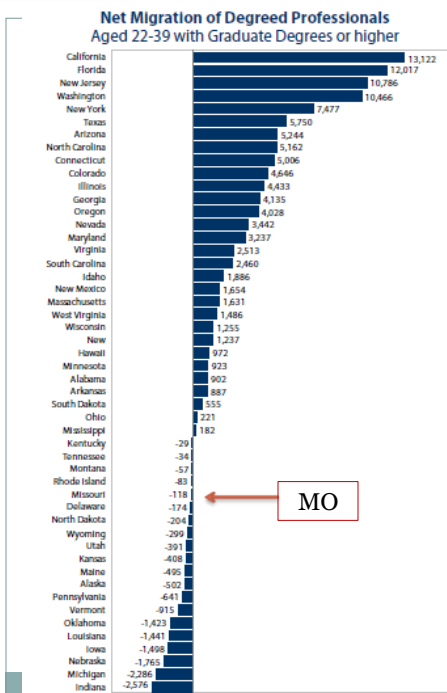
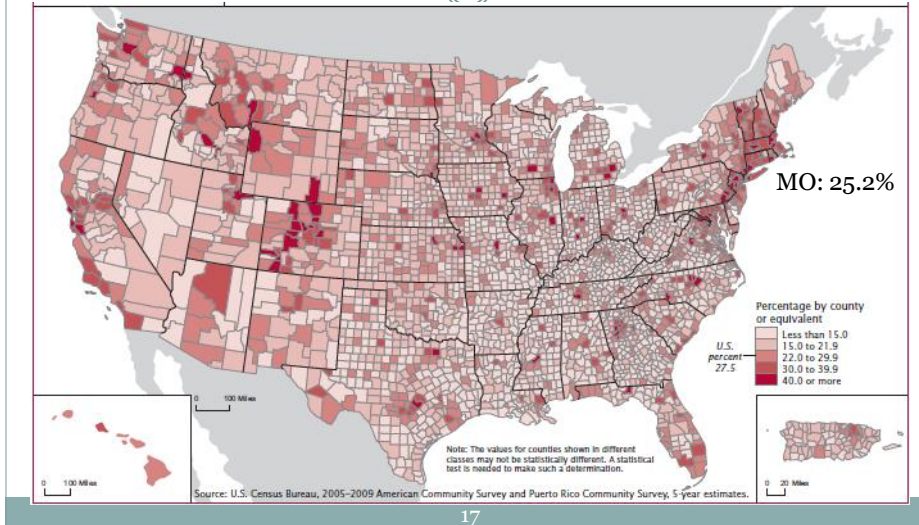
Which areas have had the best economic growth?



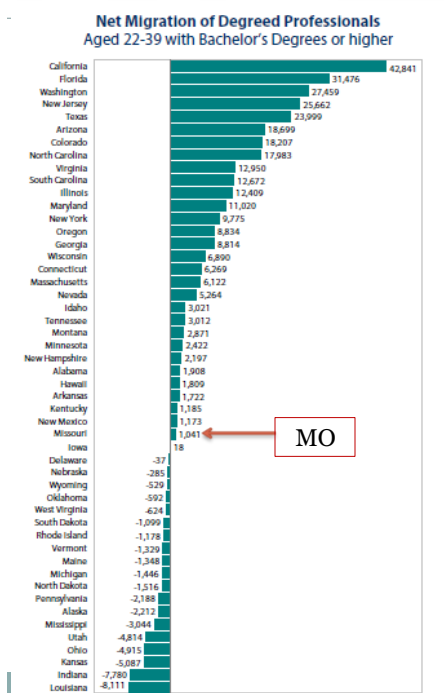
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People 25 Years+ with Bachelor's+



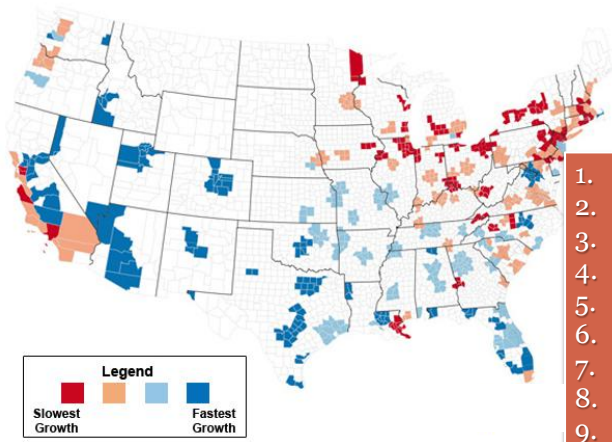
Source: NCHEMS, U.S. Census Bureau, 2005 American Community Survey



Source: NCHEMS, U.S. Census Bureau, 2005 American Community Survey

Talent Attraction and Retention

Projected Job Growth, 2010-2020, Based on All Factors



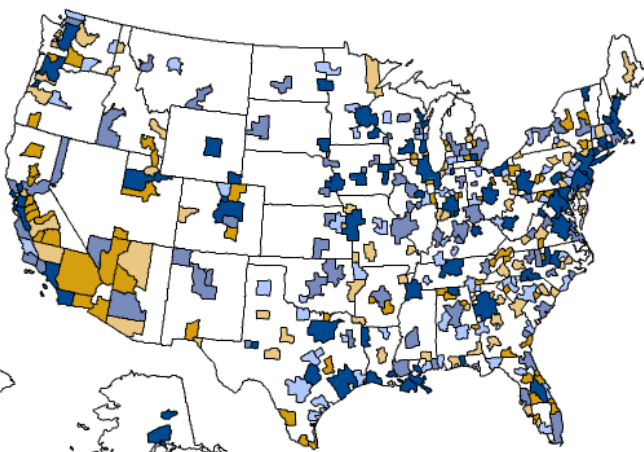
NOTE: Map shows projected job growth from 2010 to 2020, based on all factors, by metro area.

1. Washington DC
2. Bethesda, MD
3. Colorado Springs, CO
4. New York, NY-NJ
5. El Paso, TX
6. Springfield, MA
7. Baton Rouge, LA
8. Tacoma, WA
9. Baltimore, MD
10. San Antonio, TX

Source: US Bureau of Economic Analysis

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Per Capita GDP, 2010



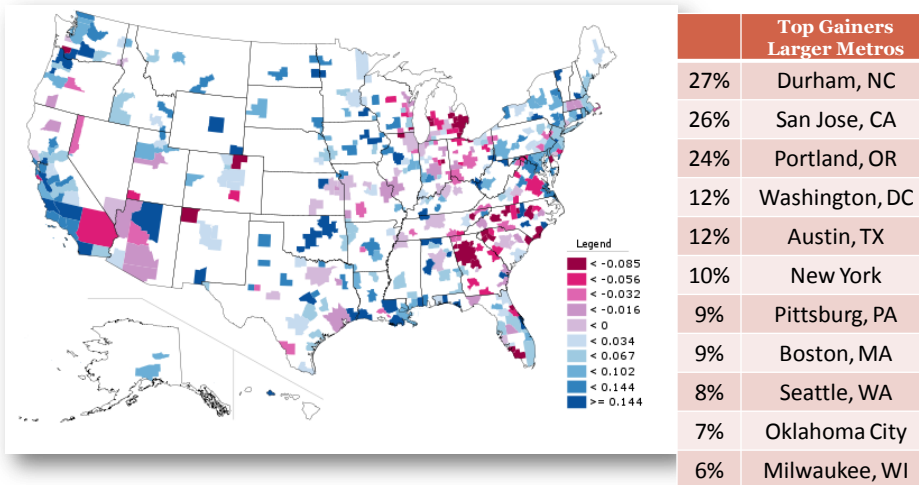
43,244 to 90,959 36,805 to 43,243 31,784 to 36,804
27,387 to 31,783 12,510 to 27,386

1. San Jose, CA
2. Casper, WY
3. Bridgeport, CT
4. Midland, TX
5. Durham, NC
6. Washington, DC
7. San Francisco
8. Anchorage, AK
9. Sioux Falls, SD
10. Hartford, CT
11. Trenton, NJ
12. Des Moines, IA
13. Boston, MA
14. Seattle, WA
15. New York, NY
16. Lafayette, LA
17. Houston, TX
18. Charlotte, NC
19. Boulder, CO
20. Denver, CO
47. Kansas City
103. St. Louis

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Pct. change in real GDP per capita, 2001-2010



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Economic Growth - Key Factors



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Major Factors Influencing Economic Growth

Source: Consensus of Economic Reports.

- ★ • **Human Capital/Education/Talent**
- Productivity/Technology/Innovation
- Natural resources (energy, others)
- Infrastructure
- Financial Capital
- Ease of Doing Business/Sound Economic Policy/Political Stability

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Area Development Magazine 2011 Site Selection Factors Survey

Site selection factors*

		Very Important %	Important %	Minor Consideration %	Of No Importance %
Labor					
2.	Availability of skilled labor ★	57.0	28.9	13.2	0.9
	Availability of unskilled labor	16.7	28.7	37.0	17.6
	Training programs	14.4	42.3	31.5	11.7
	Labor costs	54.1	36.9	5.4	3.6
	Low union profile	52.7	22.7	14.5	10.0
Transportation/Telecommunications					
1.	Highway accessibility	64.6	32.7	2.7	0.0

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Site Selection Magazine

2010 Site Selection Factor Survey

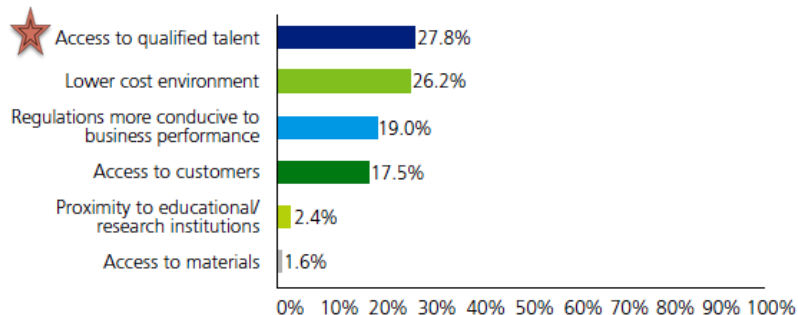
- ★ 1. Workforce skills
2. State and local tax structure
3. Transportation infrastructure
4. Flexibility of incentive programs
5. Availability of incentives
6. Utility infrastructure
7. Land/building costs and supply
8. State economic development strategy
9. Permitting and regulatory structure
10. Higher education resources

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2011 Survey of Manufacturers

Deloitte / Mfg. Institute

Figure 14: What is the most important consideration when selecting a geography?



Source: "Boiling point? The skills gap in U.S. manufacturing", Deloitte Development LLC and The Manufacturing Institute, 2011

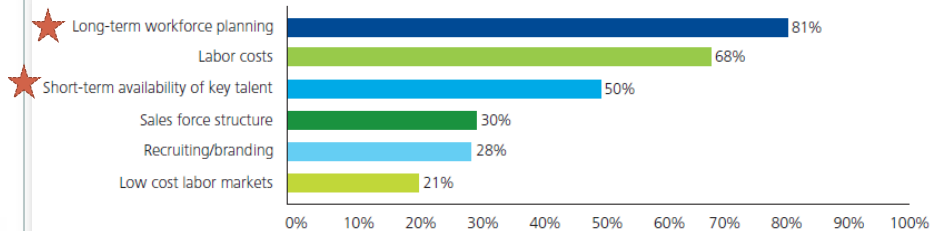
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Talent Attraction and Retention

2011 Survey of Manufacturers

Deloitte / Mfg. Institute

Figure 1: What workforce-related factors do you consider when setting your corporate strategy?



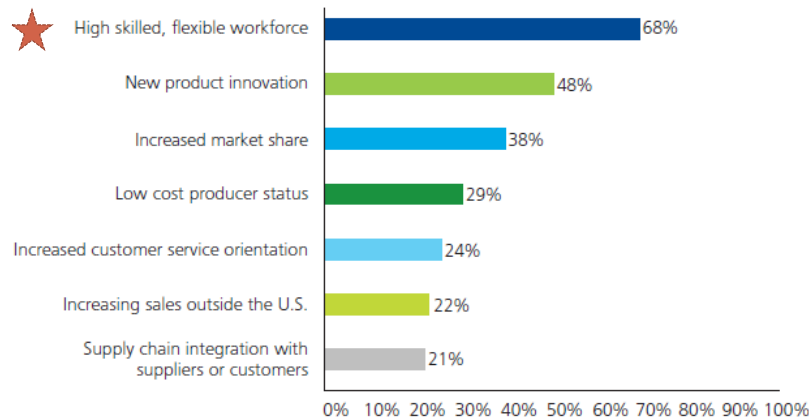
Source: "Boiling point? The skills gap in U.S. manufacturing", Deloitte Development LLC and The Manufacturing Institute, 2011

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Survey of Manufacturers

Deloitte & Mfg. Institute, 2011

Figure 10: Given the change in the economy and business environment, which of the following will be most important to your company's future business success during the next 3-5 years?



Source: "Boiling point? The skills gap in U.S. manufacturing", Deloitte Development LLC and The Manufacturing Institute, 2011

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Talent Attraction and Retention

6 “P”s of Site Selection

Primary Companies

- Proximity
 - Markets/customers; Suppliers; Raw Materials/Natural Resources; Other Facilities of the Company; Required transportation; or Research institutions.
- ★ • People
 - Number with needed skills within drive-time radius; KeyTalent;
 - Graduates in area institutions applicable to needs.
- Place
 - Quality of Life to recruit/retain key talent.
- Product
 - Available/applicable building and/or site; plus required infrastructure.
- Perception
 - Community cooperation and support; and reasonable regulations.
- Price
 - Lowest overall cost, plus incentives.

Source: IEDC Now Article
(Downing), 2008

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“Education is the single most important factor in driving economic growth.”

CEO for Cities

“Technology has been a key driver of economic growth over the last two decades, fueling the innovation and entrepreneurship that are crucial to long-term economic development and prosperity.

Brookings Institute

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“Knowledge-based industries and young professionals will be the most important drivers of future economic growth, with communities having high concentrations of both likely to be more prosperous.”

Michigan Future, “Pathways to Prosperity”

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The “Skills Gap”



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“Average is Over”

Thomas Friedman, NY Times, Jan. 2012

- Workers with average skills doing an average job used to earn an average lifestyle.
 - 60% of high school dropouts are unemployed.
 - Employed dropouts earn an average of \$23,400 compared to \$33,500 with a diploma and \$54,700 for four-year college graduates.
- Only 2/3 of Americans have family incomes higher than their parents.
 - 42% of persons born into the bottom income quartile remain there as adults.

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Educating Our Way to a Better Future

Gates Foundation

http://www.youtube.com/watch?feature=player_embedded&v=koOTA5e1zhs

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In Missouri and Kansas, of 100 students that begin high school...



75 will graduate.

According to the Education Equality Project:

"On average, an American student drops out of high school once every
26 seconds."

Talent Attraction and Retention



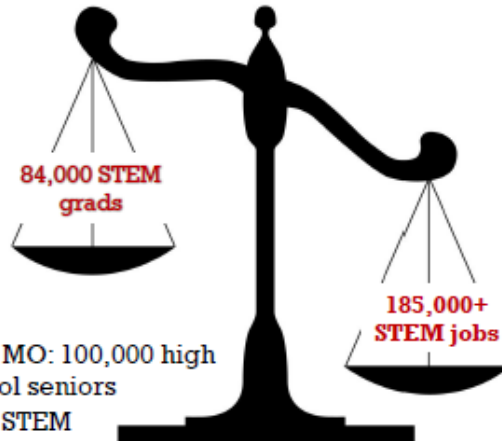
70% of the 75 that graduate go on to some kind of post-secondary education within two years.



Of the 52 that go on to college, 30-40 will graduate with either an associates or bachelors degree by their mid-twenties.

Talent Attraction and Retention

Can You Do The Math?



- KS + MO: 100,000 high school seniors
- 20% STEM
- 60% finish

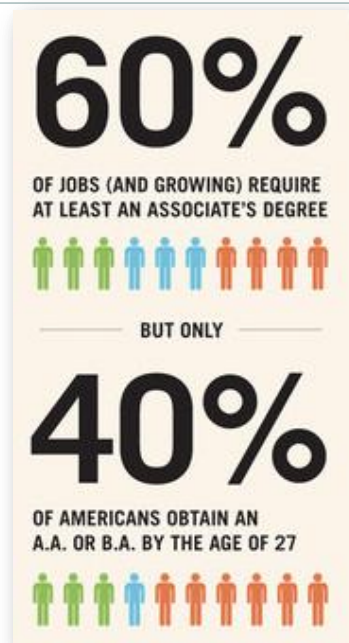
Survey of Manufacturers

Deloitte & Mfg. Institute, 2011

- 67%
 - Reporting a moderate to severe shortage of available, qualified workers.
- 56%
 - Anticipating the shortage to grow worse in the next three to five years.
- 5%
 - Current jobs unfilled due to a lack of qualified candidates

Source: "Boiling point? The skills gap in U.S. manufacturing", Deloitte Development LLC and The Manufacturing Institute, 2011

Talent Attraction and Retention



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“We have a long-term work force challenge, not just Cerner but broader, facing the knowledge economy.”

“We need the creative skills and problem-solving skills that will determine the economic value of the future.”

Laura Evans, Talent Strategist, Cerner Corporation

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Talent Attraction and Retention

Hard Times: Not All College Majors Are Created Equal

Georgetown University's Center on Education and the Workforce

- “Twenty five years ago the focus was just to get a college degree. Now it matters what you major in. And getting work experience and advanced degrees pay off in higher earnings throughout your career.”
- Majors with high technical, business and healthcare content tend to earn the most among both recent and experienced college graduates.



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Talent as the Driver of Economic Development



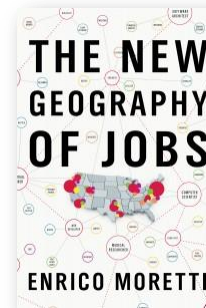
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Talent Attraction and Retention

“The New Geography of Jobs”

Enrico Moretti, 2012

- For every innovative job created, five more non-innovative jobs get created.
- Education levels will determine which cities thrive in the future.



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Talent – Essential to building an Entrepreneurial Ecosystem:

- Talent Provides:
 - A pool of potential entrepreneurs;
 - Skills to entrepreneurial companies;
 - A source for ideas and innovations that provides the foundation of an entrepreneurial climate.

Source: Kauffman Foundation

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Talent Attraction and Retention

Why Talent Matters



“The war for talent is the #1 competitive issue facing companies in the U.S.”

➤ McKinsey and Company, “The War for Talent”

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Why Talent Matters



- “The ability to rapidly mobilize talent is a tremendous source of competitive advantage for companies in our time-driven and horizontal economy.”

➤ Richard Florida, “Cities and the Creative Class”

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Why Talent Matters

“There is a strong correlation between college graduates and per capita income. The more graduates a region retains, the higher per capita income the region achieves.”

➤ **Brookings Institution**

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Quality of Place



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Talent Attraction and Retention

“Live First, Work Second,” consultant Rebecca Ryan notes just how important lifestyle is to next generation workers:

75% surveyed said that finding a “cool city” was more important to them than finding a “good job.”



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“Who’s Your City”

Richard Florida, 2008

- Place is becoming more relevant to the global economy and our individual lives.
- The choice of where to live, therefore, is not an arbitrary one.
 - It is arguably the most important decision we make, as important as choosing a spouse or a career.
- In fact, place exerts powerful influence over the jobs and careers we have access to, the people we meet and our “mating markets” and our ability to lead happy and fulfilled lives.

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Talent Attraction and Retention

Sense of Place

What is Place?

- Character
- The Built Environment
- Diversity
- Amenities



"Urban leaders need to emphasize talent and those aspects of cities that make them attractive to talented workers"

- CEOS for Cities "Young and Restless in a Knowledge Economy"

MARKET ST

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What the Y&R want in a city

"How Portland Competes for Talent"

1. Open the circle and welcome newcomers.
2. Welcome new ideas.
3. Encourage diversity.
4. Create a place where people can be themselves.
5. Let young people live their values and create a new history.
6. Build vibrant places.
7. Take care of the basics (clean, safe, etc.)
8. Be the best at something.
9. Sell your regional assets.
10. Know what you want and be willing to take risks to achieve it.

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Talent Attraction and Retention

Driving forces behind recruiting talented individuals Survey by Development Counselors International

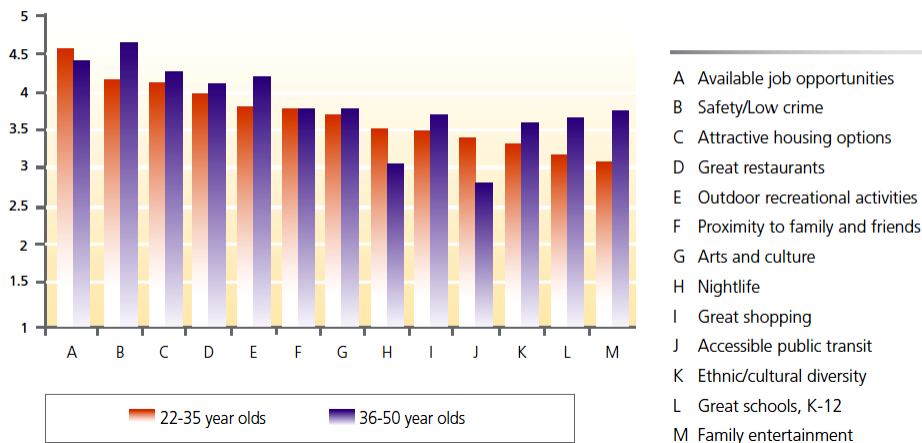
- Low crime rates,
- Good housing,
- Local culture
- Recreation

“While a community can only do so much to alter its natural setting or social offerings, accentuating top attributes must be a focus for any economic developer looking to attract a talented workforce to their community.”

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DCI Survey

On a 1-5 scale, with 5 being “highly desirable,” rate the following attributes of a community according to your personal needs.



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America's Best Cities for Hipsters

Travel and Leisure Magazine, April, 2012

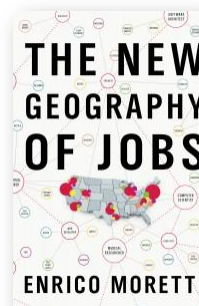


"The New Geography of Jobs"

Enrico Moretti, 2012

- Millions of economic development dollars spent on boosting arts and culture have been wasted.

- It's the other way round, where successful cities develop a rich culture which attracts talented workers from other cities.
- A good quality of life does help fuel existing economic growth by helping attract talent.
- It's not a growth engine all by itself and failing communities won't get anywhere by throwing economic development dollars to improve the art and culture scene.



Jack Henry and Associates, Monett



Retaining and recruiting outstanding associates is mission-critical to Jack Henry's ongoing success ...



134 acre campus houses Jack Henry's headquarters in Monett, Missouri



Enterprise-wide information and transaction processing platforms ... automating approx. 1,500+ banks

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Strategies for Talent Retention/Recruitment

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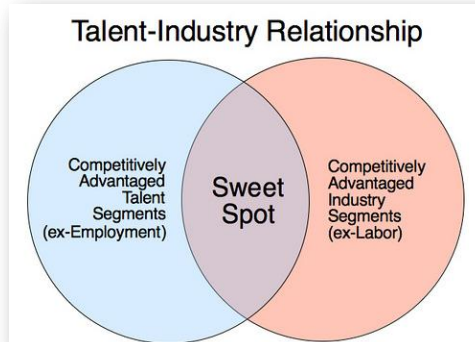
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Talent Attraction and Retention

Matching Talent and Jobs

Urbanophile

- Attracting generic “creative class” or talent won’t work.
- Focus on the community’s niches, segments, or clusters.



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Communities strengthen their talent pool by:

- Providing a welcoming environment for all kinds of people:
 - Different racial, ethnic, religious, social and national backgrounds).
- Integrating entrepreneurship training into secondary and post-secondary education systems.
- Creating strong elementary and secondary schools.
 - Especially STEM disciplines (science, technology, engineering and math).
- Using post-secondary assets to attract and retain students

Source: IEDC “Unlocking Entrepreneurship”, 2011

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Talent Attraction and Retention

Communities strengthen their talent pool by:

- Recruiting skilled workers.
- Finding innovative ways to deepen the existing talent base
- Building local amenities to attract and retain talent.
- Building social networks to embed talent in the social, economic and political life of the community

Source: IEDC “Unlocking Entrepreneurship”, 2011

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Lessons Learned – Talent Attraction/Retention Washington State

- Communities cannot wholly fill the talent pipeline with existing education and training institutions.
 - Immigration reform.
- Employers need all the help they can get when trying to attract technical and professional workers from outside the area.
- Helping companies fill key positions promotes business retention and competitiveness.
 - Filling these positions is somewhat similar to creating new jobs in your community (esp. if these position go unfilled or are hard to fill).
- With baby boomer retirement unfolding both talent development and attraction are critical.

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Talent Attraction and Retention

Potential Sources of Talent

Urbanophile

- Emerging Workforce: Students/Trainees.
- Retention:
 - Focus on making sure people who want to stay have a place to do so.
- “Boomerang” migration
- Attraction:
 - Regional clusters.
- Immigrants

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Atlanta is winning the talent war.

CHANGE IN MARKET SHARE OF COLLEGE EDUCATED 25- TO -34s 1990-2000, TOP 50 METRO AREAS

LEADING METROS

1. ATLANTA	0.8%
2. San Francisco–Oakland–San Jose, CA	0.5%
3. Denver–Boulder–Greeley, CO	0.4%
4. Portland–Salem, OR–WA	0.3%
5. Austin–San Marcos, TX	0.3%

TOP METRO AREAS & CHANGE IN RAW NUMBERS OF YOUNG & RESTLESS*

Metro	1990	2000	Change
1 New York	1,107,128	1,141,990	34,862
2 Los Angeles	616,689	590,745	(25,944)
3 Chicago	428,445	486,669	58,224
4 San Francisco	390,613	474,707	84,094
5 Washington, D.C.	446,706	473,201	26,495
6 Boston	372,300	375,403	3,103
7 Philadelphia	278,047	274,893	(3,154)
8 ATLANTA	176,366	257,837	81,471
9 Dallas	231,782	252,437	20,655
10 Detroit	195,284	227,319	32,035

Although metro Atlanta ranks eighth in the overall number of 25- to 34-year-olds, it experienced a 46 percent increase in this age cohort, where many of its competitors saw outright declines or small percent increases. No other of the top 10 metro areas in the country saw this kind of increase. *Metro areas ranked by total Y&R population.

Atlanta leads the nation in its gain in overall U.S. market share of college-educated 25- to 34-year-olds – the most coveted demographic in the nation.

They are known as the “Young and Restless.” And every city is competing for them.

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Talent Attraction and Retention

Talent Development

CEOs for Cities

- <http://vimeo.com/41372550#>

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Recommendations: Competing for Talent

CEOs for Cities

- Make people the focus of economic development.
 - Footloose workers, particularly college-educated 25 to 34 year-olds, rather than footloose firms will become the critical drivers of regional economic growth.
- Become a city where women and ethnically diverse young people can achieve their goals.
 - “Is opportunity available for people like me?”
- Openness and engagement are key to rooting talent in place.
 - Places with a sense of possibility and opportunity, where the circle is open, where new ideas are welcomed are more likely to attract and retain young adults.

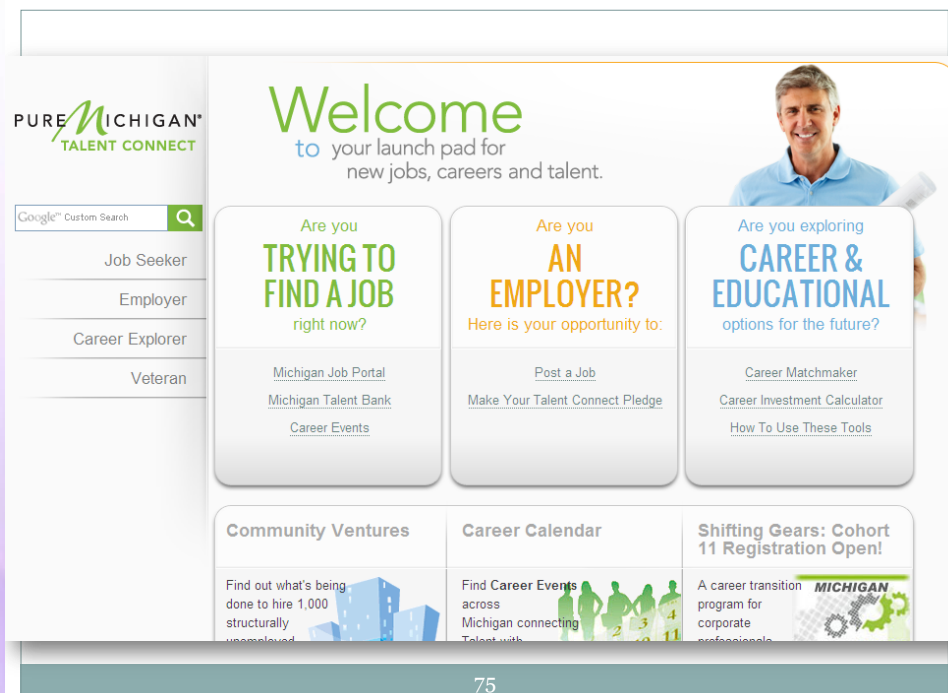
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Talent Attraction and Retention

Recommendations: Competing for Talent CEOs for Cities

- Investing in higher education is important, but it won't solve the problem.
 - Places that invest in higher education without protecting or improving those assets that attract and retain talented graduates may see the benefits of their investment simply leave town.
- Vibrant urban neighborhoods are an economic asset.
 - Close-in neighborhoods with higher density, mixed uses, walkable destinations, lively commercial districts and interesting streets can make a region more competitive for talented workers.
 - Good public services, including transit, schools and parks, make close-in neighborhoods even more appealing.

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The screenshot shows the homepage of the PURE MICHIGAN TALENT CONNECT website. On the left is a sidebar with a search bar and navigation links for Job Seeker, Employer, Career Explorer, and Veteran. The main content area features a large 'Welcome' message and three primary service boxes: 'Are you TRYING TO FIND A JOB right now?' (linking to Michigan Job Portal, Michigan Talent Bank, and Career Events), 'Are you AN EMPLOYER?' (linking to Post a Job, Make Your Talent Connect Pledge), and 'Are you exploring CAREER & EDUCATIONAL options for the future?' (linking to Career Matchmaker, Career Investment Calculator, and How To Use These Tools). Below these are three smaller sections: 'Community Ventures' (about hiring 1,000 structurally unemployed), 'Career Calendar' (about finding career events), and 'Shifting Gears: Cohort 11 Registration Open!' (about a career transition program for corporate professionals).

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Talent Attraction and Retention

Columbia Talent Magnet Project Recommendations



Create A Unified Regional Vision

- ☐ Make collaboration a requirement – “Collaborate or die”
- ☐ Focused investments – “Invest in the best; drop the rest”
- ☐ Build a roadmap for talent, map your talent assets
- ☐ Create an environment where all ideas are welcomed – Diversity

Can you count your community's strategic vision(s) on one hand?

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engenuity^{SC}

Columbia Talent Magnet Project Recommendations



Develop a new cadre of young leaders:

- ☐ Create a vehicle to identify & invest in young leaders
 - ☐ 20 under 40, Leadership Columbia, Leaders of the Future
- ☐ Invest in programs to accelerate leadership development
 - ☐ Mentoring, P2P, networking events
- ☐ Infuse young talent into all elements of your community
 - ☐ YP board placement, volunteer matching systems
- ☐ Give a voice to YPs in your community
 - ☐ Mayor's Emerging Leaders Council, Young Professionals Orgs

"If your existing leadership was suddenly transported to Mars, how deep is your bench?"

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Talent Attraction and Retention

Columbia Talent Magnet Project Recommendations



Connect "Next Gen" to The Community:

- ☐ Identify and strengthen information resources
 - ☐ "Welcome to _____" one stop shop
 - ☐ Partner with universities and companies to engage new arrivals
- ☐ Connect students to the business community
 - ☐ Regionally adopted internship programs
 - ☐ Focus on a simple, easy to follow tool for connections
 - ☐ Drive commitments from the business community
- ☐ Connect students/YPs to the civic community
 - ☐ Reconnect with in town and out of town graduates
 - ☐ Build programs that expose students to key assets early

Get them "invested" early and you reduce "brain drain" in the long run (think time value of \$\$)

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Columbia Talent Magnet Project Recommendations



Enhance Communications Vehicles:

- ☐ Integrate next generation issues into all regional marketing
 - ☐ Engage your young professionals, artists, entrepreneurs – what matters to them?
 - ☐ Build "talent" into the platform of your regional marketing activities
- ☐ Invest in the tools that the next generation uses
 - ☐ Social Networks, blogs, community portals, web-based marketing
 - ☐ Take your "brand" on the road (virtually)
- ☐ Facilitate interaction & engagement
 - ☐ Make it easy to find out what's great about your community
 - ☐ One stop shop for social, volunteer, culture, arts, etc...

If they don't know you're a great place to live, learn, work, and play...why would they come

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Talent Attraction and Retention

Columbia Talent Magnet Project Recommendations



Foster an Entrepreneurial Environment

- ❑ Build a community of entrepreneurs
 - ❑ Web-based community AND physical "place to go"
 - ❑ Build a dynamic platform
- ❑ Make entrepreneurship pervasive throughout
 - ❑ Infuse entrepreneurship into the arts, culture, and non-profit
 - ❑ Accelerate start up activity by broadening the scope of focus
 - ❑ Focus on infusing entrepreneurship into education & supporting young entrepreneurs
- ❑ Build a roadmap for entrepreneurship
 - ❑ Identify missing elements in your community and build them
 - ❑ Create a one stop resource for all start up needs
 - ❑ Draw the map, connect the dots, highlight the path

Does your community have an entrepreneurial spirit? Good! Does it have the infrastructure to support an explosion of entrepreneurship?

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Talent:

The Driver of Economic Development



Talent Attraction and Retention